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versity, has brought the subject-matter of this book, first published in 1891, down to date by incorporating recent changes in the statute law and decisions of courts. In addition to a clear and concise discussion on practical legal questions, chapters deal with the history of banking in the United Kingdom and a consideration of the various kinds of securities that a customer may use in borrowing from a bank. An appendix contains reprints of texts of various forms of securities including bills of exchange, notes, and shipping documents.

Agricultural credit in Ireland. Cd. 7376. (London: Wyman. 1914. 5s. 5d.)

Bulletin of the Russell Sage Foundation Library on coöperative credit. (New York. 1914. Pp. 5.)

A useful bibliography.

Commercial paper as defined by the Federal Reserve Board. (New York: Irving National Bank. 1914.)

Measures taken by H. M. government for sustaining credit and facilitating business. Cd. 7684. (London: Wyman. 1914. 2d.)

Der landwirtschaftliche Kredit in Preussen. I. Die östpreussische Landschaft. (Berlin: Parey. 1914. 6 M.)

Public Finance, Taxation, and Tariff

The United States Federal Internal Tax History from 1861 to 1871. By HARRY EDWIN SMITH. Hart, Schaffner and Marx Prize Essays, XVI. (Boston: Houghton Mifflin Company. 1914. Pp. xix, 357. \$1.50.)

One of the useful studies called forth by the prizes offered by Hart, Schaffner and Marx, this book furnishes a very complete record of the internal revenue legislation during the period covered. Various classes of taxes are taken up in succession and, in connection with each, the course of legislation, covering both rates and administrative methods, is described in detail, with full citations of the sources of information, which greatly increase the value of the work for students. While it can hardly be said to throw new light on the general character and working of the internal revenue system during the Civil War, as described in the reports and essays of David A. Wells and in Frederic C. Howe's *Taxation and Taxes in the United States under the Internal Revenue System, 1791-1895*, its greater detail and fuller citations of sources make it a welcome addition to the literature of the subject.

An appendix contains carefully prepared tabular views of the changes in the rates of various taxes (something absolutely necessary to a comprehension of the kaleidoscopic mass of tax

legislation during the years in question) and a reproduction of the more important statistical material from the reports of the Commissioner of Internal Revenue, to which is added an extensive bibliography.

On the whole, the work seems to have been done with great accuracy. There are, however, some slips. In the table on page 22, in which are shown, quarterly, the rate of taxes on alcohol and the price in both gold and paper, there are errors in reducing the paper price to the gold price in October, 1864, and January, 1865, the erroneous figures in the latter case being used as the basis of an inference drawn in the text. On page 255 "watches" should evidently read "yachts" in the second line and "organs" in the thirteenth line.

In his discussion of the effect of the taxes on banks (pp. 141-144) the author concludes that they were borne by the banks, although the facts hardly seem to afford the basis for any positive statement, and implies that the only reason why banks took out circulation under these conditions was that they were required to invest one third of their capital in United States bonds, whether they took out notes or not, the additional expense involved in taking out notes being only the tax on circulation. That this is not an adequate statement of the case is evident from the fact that after the national banking system was firmly established in 1865 the bonds deposited to secure circulation were for some years more than double the amount of the required investment. In fact it is not clear how the bond deposit requirement has any bearing on the question of the effect of the tax on circulation or the willingness of the banks to take out notes.

Dr. Smith (p. 96) seems to regard the exemption of \$600 granted in the Civil War income tax as excessive and implies that it was twice the exemption allowed in England. This hardly conveys a correct impression. Incomes up to £100 were exempt in England. It is true that the deduction allowed from incomes in excess of this amount was only £60 and was limited to incomes of £200 or less. Since that time, however, there has been a constant tendency to increase both exemptions and deductions until today incomes up to £160 are exempt and a deduction of that amount is allowed from incomes up to £400, with a smaller deduction on incomes up to £700. In view of this subsequent development of income taxation it is certainly doubtful whether an exemption of \$600 can be regarded as excessive, particularly

when allowance is made for a depreciated currency. There is, of course, no reason why a deduction of the amount exempt should be allowed from all incomes.

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The Income Tax. A Study of the History, Theory, and Practice of Income Taxation at Home and Abroad. By EDWIN R. A. SELIGMAN. Second edition, revised and enlarged with a new chapter. (New York: The Macmillan Company. 1914. Pp. xi, 743. \$3.00.)

The first edition of Professor Seligman's book on the income tax appeared in February, 1911, and the second edition, revised and enlarged, is already at hand.

In the review of the first edition¹ the present reviewer cited and commented at some length upon the prophecy made by the author that: "The income tax is coming. Sooner or later the constitutional or political difficulties will be surmounted and the United States will fall into line with every other important country in the world" (p. 672). The fulfillment of that prophecy has come.² It is not often that a writer on finance finds one of his possibly daring prophecies fulfilled in so short a time.

The author did not have as good fortune with reference to state income taxes, which he was and is very much inclined to frown upon. For, almost immediately, Wisconsin disregarded his advice and adopted an income tax. As this tax, in 1912, its first year, yielded \$3,500,000, it renders invalid, for the time being at least, the statement (not corrected in the second edition, see p. 416) that "Virginia is the only state in which any appreciable income is derived from the income tax." A discussion of Wisconsin's experiment is introduced into the text (pp. 419 to 429) in place of the former sections on the "outlook for the future" and the "conclusion," *i.e.*, as to state income taxes. But, in general, the views expressed before are presented again in connection with the new data.

The discussion of the new federal income tax is printed as an appendix. This seems very wise from the publisher's standpoint, as there is still so much uncertainty as to the meaning of the law

¹ See AMERICAN ECONOMIC REVIEW, vol. I (December, 1911), p. 862.

² Strangely enough by some oversight—or was it intention—the prophecy, now fulfilled, is reprinted unchanged in the second edition.